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DECLINE IN GROWTH RATE OF SOVIET LIGHT INDUSTRY



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DECLINE IN GROWTH RATE OF SOVIET LIGHT INDUSTRY

The increased emphasis on providing the Soviet consumer with manufactured goods that developed under sponsorship of Khrushchev and flourished during 1958-59 has seriously declined. Plan fulfillment reports for light industry at mid-1962 show only slight improvement over a poor performance in 1961. The growth rate for production of cotton fabric showed some improvement, although gains still are insufficient to meet the goal of the Seven Year Plan (1959-65), and the growth rate for leather footwear declined. Problems which began to emerge in light industry during 1960 -- shortages of raw materials and machinery, labor troubles resulting from the shortened work day, and failure to bring new capacity into production -- have worsened until the industry is now growing at a rate far below that required to meet the 1965 goals. In the first half of 1962, output of light industry as a whole reportedly increased 4 percent over the corresponding period in 1961, whereas increases exceeding 6 percent are required by the Seven Year Plan.

Light industry, which produces by far the largest share of goods consumed by the Soviet public (excluding food), has registered declining growth rates since 1959, the sharpest decline occurring in 1961. Growth rates since the beginning of the Seven Year Plan, expressed as percentage increases over the output of the previous year, are compared with scheduled annual growth rates for the Seven Year Plan as follows:

<u>Commodity</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>First Half a/ 1962</u>	<u>Planned Aver- age Annual Increase</u>
Cotton fabric	7.1	4.8	0.7	2.0	4.2
Wool fabric	7.7	5.6	3.9	3.0	7.4
Silklike fabric	decrease ^{b/}	1.9	1.2	8.0	8.4
Linen fabric	10.2	6.5	decrease ^{b/}	decrease ^{c/}	4.0
Leather footwear	9.4	7.5	5.5	4.0	5.4
Sewn garments	10.5	6.9	5.6	6.0	8.8

a. Percentage increase over the first half of 1961.

b. Production was 96 percent of previous year.

c. Production was 98 percent of previous period.

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Khrushchev, in what was apparently a sincere effort to narrow the gap between consumption in the USSR and Western countries, was characteristically over-optimistic, and his efforts to improve the consumer's lot have fallen far short.

Prior to the 22nd Party Congress, Khrushchev had indicated his desire to equalize the rates of growth for heavy and consumer industries, but the decisions of the Congress in October 1961 clearly gave the edge to heavy industry with the further warning that necessary military expenditures might trim the program even more if "complications in the international situation" should so demand.

In addition, there are difficult problems within the industry. Light industry is in desperate need of modernization and technological improvement, a fact that is basic to further growth. Furthermore as a result of agricultural failures, shortages of textile fibers are hindering production in some parts of the industry. The workday has been shortened from 8 to 7 hours, with the probable addition to the labor force of numbers of unskilled workers. In the program for increasing capacity in light industry, a trend has developed toward the expansion and modernization of existing plants as a means of limiting the need for new construction, but the machine building industry has failed to provide machinery, equipment, and spare parts in sufficient quantity. New processes cannot be successfully worked out because of the lack of resources, technical skills, and fully coordinated programs of development. Pressures by the public to improve quality and assortment are mounting, and consumer resistance is creating troublesome surpluses of unsalable goods.

These factors constitute a tremendous burden for an industry still charged by Khrushchev with meeting the growing demands of an increasing population.

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